

## Internal Revenue Service, Treasury

## § 26.2600-1

same property and, after April 30, 1989, and before January 1, 1990, transferred the retained interest in the property, the donor may, at the donor's option, value the transfer of the retained interest under either § 25.2512-5(d) or § 25.2512-5A(d).

(c) *Effective date.* This section is effective as of May 1, 1989.

### PART 26—GENERATION-SKIPPING TRANSFER TAX REGULATIONS UNDER THE TAX REFORM ACT OF 1986

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Section 26.2632-1 also issued under 26 U.S.C. 2632 and 2663.

Section 26.2642-4 also issued under 26 U.S.C. 2632 and 2663.

Section 26.2662-1 also issued under 26 U.S.C. 2662.

Section 26.2663-2 also issued under 26 U.S.C. 2632 and 2663.

SOURCE: T.D. 8644, 60 FR 66903, Dec. 27, 1995, unless otherwise noted.

#### § 26.2600-1 Table of contents.

This section lists the captions that appear in the regulations under sections 2601 through 2663.

§ 26.2601-1 *Effective dates.*

(a) Transfers subject to the generation-skipping transfer tax.

(1) In general.

(2) Certain transfers treated as if made after October 22, 1986.

(3) Certain trust events treated as if occurring after October 22, 1986.

(4) Example.

(b) Exceptions.

(1) Irrevocable trusts.

(2) Transition rule for wills or revocable trusts executed before October 22, 1986.

(3) Transition rule in the case of mental incompetency.

(4) Retention of trust's exempt status in the case of modifications, etc.

(5) Exceptions to additions rule.

(c) Additional effective dates.

§ 26.2611-1 *Generation-skipping transfer defined.*

§ 26.2612-1 *Definitions.*

(a) Direct skip.

(1) In general.

(2) Special rule for certain lineal descendants.

(b) Taxable termination.

(1) In general.

(2) Partial termination.

(c) Taxable distribution.

(1) In general.

(2) Look-through rule not to apply.

(d) Skip person.

(e) Interest in trust.

(1) In general.

(2) Exceptions.

(3) Disclaimers.

(f) Examples.

§ 26.2613-1 *Skip person.*

§ 26.2632-1 *Allocation of GST exemption.*

(a) General rule.

(b) Lifetime allocations.

(1) Automatic allocation to direct skips.

(2) Allocation to other transfers.

(c) Special rules during an estate tax inclusion period.

(1) In general.

(2) Estate tax inclusion period defined.

(3) Termination of an ETIP.

(4) Treatment of direct skips.

(5) Examples.

(d) Allocations after the transferor's death.

(1) Allocation by executor.

(2) Automatic allocation after death.

§ 26.2641-1 *Applicable rate of tax.*

§ 26.2642-1 *Inclusion ratio.*

(a) In general.

(b) Numerator of applicable fraction.

(1) In general.

(2) GSTs occurring during an ETIP.

(c) Denominator of applicable fraction.

(1) In general.

(2) Zero denominator.

(3) Nontaxable gifts.

(d) Examples.

§ 26.2642-2 *Valuation.*

(a) Lifetime transfers.

(1) In general.

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(2) Special rule for late allocations during life.

(b) Transfers at death.

(1) In general.

(2) Special rule for pecuniary payments.

(3) Special rule for residual transfers after payment of a pecuniary payment.

(4) Appropriate interest.

(c) Examples.

*§ 26.2642-3 Special rule for charitable lead annuity trusts.*

(a) In general.

(b) Adjusted GST exemption defined.

(c) Example.

*§ 26.2642-4 Redetermination of applicable fraction.*

(a) In general.

(1) Multiple transfers to a single trust.

(2) Consolidation of separate trusts.

(3) Property included in transferor's gross estate.

(4) Imposition of recapture tax under section 2032A.

(b) Examples.

*§ 26.2642-5 Finality of inclusion ratio.*

(a) Direct skips.

(b) Other GSTs.

*§ 26.2652-1 Transferor defined; other definitions.*

(a) Transferor defined.

(1) In general.

(2) Transfers subject to Federal estate or gift tax.

(3) Special rule for certain QTIP trusts.

(4) Exercise of certain nongeneral powers of appointment.

(5) Split-gift transfers.

(6) Examples.

(b) Trust defined.

(1) In general.

(2) Examples.

(c) Trustee defined.

(d) Executor defined.

(e) Interest in trust.

*§ 26.2652-2 Special election for qualified terminable interest property.*

(a) In general.

(b) Time and manner of making election.

(c) Transitional rule.

(d) Examples.

*§ 26.2653-1 Taxation of multiple skips.*

(a) General rule.

(b) Examples.

*§ 26.2654-1 Certain trusts treated as separate trusts.*

(a) Single trust treated as separate trusts.

(1) Substantially separate and independent shares.

(2) Multiple transferors with respect to a single trust.

(3) Severance of a single trust.

(4) Allocation of exemption.

(5) Examples.

(b) Division of a trust included in the gross estate.

(1) In general.

(2) Special rule.

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(3) Allocation of exemption.

(4) Example.

*§ 26.2662-1 Generation-skipping transfer tax return requirements.*

(a) In general.

(b) Form of return.

(1) Taxable distributions.

(2) Taxable terminations.

(3) Direct skip.

(c) Person liable for tax and required to make return.

(1) In general.

(2) Special rule for direct skips occurring at death with respect to property held in trust arrangements.

(3) Limitation on personal liability of trustee.

(4) Exceptions.

(d) Time and manner of filing return.

(1) In general.

(2) Exceptions for alternative valuation of taxable termination.

(e) Place for filing returns.

(f) Lien on property.

*§ 26.2663-1 Recapture tax under section 2032A.*

*§ 26.2663-2 Application of chapter 13 to transfers by nonresidents not citizens of the United States.*

(a) In general.

(b) Transfers subject to Chapter 13.

(1) Direct skips.

(2) Taxable distributions and taxable terminations.

(c) Trusts funded in part with property subject to Chapter 13 and in part with property not subject to Chapter 13.

(1) In general.

(2) Nontax portion of the trust.

(3) Special rule with respect to estate tax inclusion period.

(d) Examples.

(e) Transitional rule for allocations for transfers made before December 27, 1995.

[T.D. 8644, 60 FR 66903, Dec. 27, 1995, as amended by T.D. 8912, 65 FR 79738, Dec. 20, 2000]

**26.2601-1 Effective dates.**

(a) *Transfers subject to the generation-skipping transfer tax*—(1) *In general.* Except as otherwise provided in this section, the provisions of chapter 13 of the Internal Revenue Code of 1986 (Code) apply to any generation-skipping transfer (as defined in section 2611) made after October 22, 1986.

(2) *Certain transfers treated as if made after October 22, 1986.* Solely for purposes of chapter 13, an inter vivos transfer is treated as if it were made on October 23, 1986, if it was—

(i) Subject to chapter 12 (regardless of whether a tax was actually incurred or paid); and